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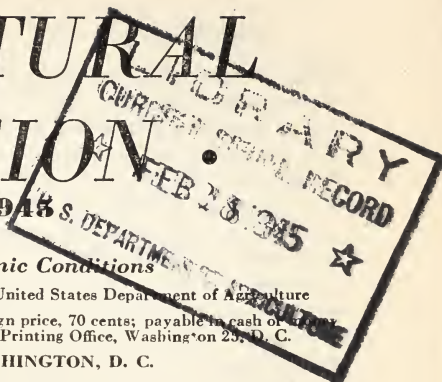
THE AGRICULTURAL SITUATION

JANUARY 1945

A Brief Summary of Economic Conditions

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THE RETURN to rationing of virtually all of the foods removed from the ration lists last summer further points the need for top agricultural production in 1945. As insurance against probable lower yields, acreage goals this year call for a 5.3 million acre increase in cultivated crops over the 1944 acreage plus a 3.3 million acre increase in tame hay to make possible a production approaching last year's all-time record. Livestock goals for 1945 call for an increase in milk production, number of pigs farrowed and cattle and calf slaughter, but no increase in hen numbers. * * * The \$18.00 over-all ceiling on live cattle and calves, Chicago basis, until July 2 (\$17.50 thereafter) will tend to keep all live cattle prices in the first half of 1945 about the same as a year earlier, larger-than-usual marketings before mid-1945, discourage feeding cattle to prime and choice grades, weaken the demand for feeders, and hold down beef prices despite the general meat scarcity. * * * To meet military requirements, 20 percent of the February creamery butter output and 25 percent of the March output must be set aside for Government purchase. * * * In December, prices received by farmers were at the highest level since September 1920, the over-all farm price index being 200 percent of the 1909-14 parity base and 4 points above a year earlier.

Commodity Reviews

WHEAT AND RYE

THE acreage of winter wheat seeded in the fall of 1944 is estimated at 49.6 million acres, an increase of 7 percent above the 46.4 million acres seeded in the fall of 1943. This is nearly 5 percent above the 10-year (1933-42) average and is the largest acreage sown since the fall of 1937.

On the basis of such factors as crop condition and weather during November together with yields in past years, the indicated winter wheat production is 761.6 million bushels. This is close to the 764.1 million bushels produced in 1944 which was the second largest winter wheat crop on record.

The acreage of rye sown for all purposes this past fall is estimated at 4.7 million acres, about the same as in the fall of 1943, but about a fourth less than the 10-year average.

Important changes in the distribution of rye acreage among the States has taken place in the past few years. Based on the 1932-41 average, North Dakota, South Dakota, Nebraska, and Minnesota had half of the country's rye acreage, but this season the acreage in these States accounted for only 29 percent of the National total. Oklahoma and Indiana, along with Nebraska and South Dakota, now are the four leading States.

PIG CROP

HOG production in 1944 dropped sharply from the all-time peak reached in 1943 and a continuation of the decline is in prospect during 1945 but at a lower rate. The 1944 fall pig crop of 31,325,000 head was down 34 percent from the fall of 1943. When added to the spring pig crop of 55,428,000, which was down 25 percent, the total 1944 pig crop of 86,753,000 was 29 percent below the 1943 crop of 121,706,000 head.

The indicated number of sows to farrow in the spring season of 1945 is

7 percent below the number farrowed in the spring of 1944. The number of hogs over 6 months old on December 1 was sharply below the record number a year earlier.

FOOD

PROSPECTIVE supplies of various foods for the first quarter of 1945 are different from those available to civilians in the same period of 1944. Reductions in the supplies of meat, poultry, butter, evaporated milk, potatoes, fresh vegetables, and perhaps lard will not be entirely compensated for by the expected increases in fluid milk, American cheese, and fruits other than citrus. Citrus supplies will be about the same as last year.

In comparison with the pre-war period (1935-39), it appears that as much meat, lard, and fresh vegetables will be available but potatoes and butter supplies, particularly butter, will be below average.

Despite these reductions, civilians will not be faced with any over-all food shortage during the next few months. Supplies of fluid whole milk, non-fat dairy products including cottage cheese, buttermilk, chocolate milk and dry solids, eggs, fish, margarine, cereal products, dry beans and peas, and citrus fruits will make possible a level of food consumption at least as high as the pre-war level, although different in composition.

During 1944 civilians were eating meat at the annual rate of 140 to 145 pounds per capita, 15 to 20 pounds above the 1935-39 average. Total meat supplies in January, February and March will be smaller than either the first or fourth quarter of 1944 because stocks are low and meat production is expected to be 10 to 12 percent less than in either of those quarters. Along with smaller total supplies, war requirements will be larger so civilian supplies of meat may not be much above the 1935-39

average. Civilian pork supplies will continue at the rate of the last few months, which is below the very large quantities available during the past 2 years.

FARM LABOR

DESPITE a total farm labor force 2 percent below last year and about 10 percent below the 1935-39 average, agricultural production in 1944 was an all-time record, with no serious loss in production attributable to labor shortages.

This remarkable record by farm operators and other farm workers was achieved by working more hours per day and more days per week than ever before, more efficient utilization of labor, and lengthening the harvest period for most crops. Also, more machinery was available in 1944 than the year before.

Output per farm worker in 1944 was about 70 percent more than in the last war and substantially above peace-

Index Numbers of Prices Received and Paid by Farmers

[1910-14=100]

Year and month	Prices received	Prices paid, interest and taxes	Parity ratio ¹
1943			
January.....	181	156	116
February.....	184	158	116
March.....	192	159	121
April.....	197	160	123
May.....	194	162	120
June.....	195	163	120
July.....	193	164	118
August.....	192	164	117
September.....	193	164	118
October.....	194	165	118
November.....	194	166	117
December.....	196	167	117
1944			
January.....	196	168	117
February.....	195	169	115
March.....	196	169	116
April.....	196	169	116
May.....	194	169	115
June.....	193	170	114
July.....	192	170	113
August.....	193	170	114
September.....	192	170	113
October.....	194	170	114
November.....	196	171	115
December.....	200	171	117

¹ Ratio of prices received by farmers to price paid, interest, and taxes.

Prices of Farm Products

Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State

	5-year average		December 15, 1943	November 15, 1944	December 15, 1944	Parity price December 15, 1944
	August 1909-July 1914	January 1935-December 1939				
Wheat (bushel).....dollars..	0.884	0.837	1.43	1.43	1.45	1.51
Corn (bushel).....do.....	.642	.691	1.11	1.06	1.06	1.10
Oats (bushel).....do.....	.399	.340	.769	.662	.694	.682
Rice (bushel).....do.....	.813	.742	¹ 1.88	1.74	1.75	1.39
Cotton (pound).....cents..	12.4	10.34	19.85	20.78	20.85	21.20
Potatoes (bushel).....dollars..	.697	.717	1.35	1.43	1.50	1.24
Hay (ton).....do.....	11.87	8.87	15.20	15.60	16.50	20.30
Soybeans (bushel).....do.....	2.96	.954	1.81	2.05	2.05	¹ 1.64
Peanuts (pound).....cents..	4.8	3.55	7.10	8.08	8.15	8.21
Apples (bushel).....dollars..	.96	.90	2.64	2.10	2.33	1.64
Oranges, on tree, per box.....do.....	¹ 1.81	1.11	2.24	2.07	2.23	² 2.01
Hogs (hundredweight).....do.....	7.27	8.38	12.80	13.50	13.40	12.40
Beef cattle (hundredweight).....do.....	5.42	6.56	¹ 10.90	11.60	11.50	9.27
Veal calves (hundredweight).....do.....	6.75	7.80	¹ 12.50	12.90	12.90	11.50
Lams (hundredweight).....do.....	5.88	7.79	12.10	12.20	12.40	10.10
Butterfat (pound) ³cents..	26.3	29.1	51.0	50.7	51.0	⁴ 49.3
Milk, wholesale (100 pounds) ⁴dollars..	1.60	1.81	¹ 3.39	3.39	² 3.39	⁶ 3.00
Chickens (pound).....cents..	11.4	14.9	24.4	24.0	24.1	19.5
Eggs (dozen).....do.....	21.5	21.7	44.9	43.4	44.5	⁶ 44.2
Wool (pound).....do.....	18.3	23.8	¹ 40.1	40.4	40.4	31.3

¹ Revised.
² Comparable base price, August 1909-July 1914.
³ Comparable price computed under sec. 3 (b) Price Control Act.
⁴ Comparable base price, August 1919-July 1929.
⁵ Does not include dairy production payments made directly to farmers by county AAA offices.
⁶ Adjusted for seasonality.
⁷ Preliminary.

time levels. For example, the 100,000 foreign laborers who worked on farms last year were kept employed about 90 percent of the time compared with migrant workers in peacetime who usually worked only about half the time. Also, a greater percentage of family workers was kept employed more of the time than in any recent year.

FRUIT

WITH marketings of citrus fruit nearing the seasonal peak, prospects for the rest of the 1944-45 season look good from both the producer and consumer standpoint. Florida citrus production has largely recovered from the hurricane damage last fall and shipments from Texas are making up for lowered shipments from Florida so that consumers are not expected to have difficulty in obtaining citrus fruit.

Although citrus prices are high and the demand is good, they are below ceiling levels.

Total orange production this season is now expected to be about the same as last season's record crop. Grapefruit production will be down about 10 percent from last season, but lemon output will be about a fifth larger.

1945 Agricultural Goals

WITH the largest military food requirements in history quite probable, with foreign relief food needs increasing and with civilian demand continuing at record high levels, agricultural production in 1945 will have to meet one of the greatest needs yet known for the food and fiber output of American farms. In short, agricultural production this year will have to nearly equal the all-time record of 1944.

For six successive years farmers have topped the previous year's production records, with 1944 output a third more than the average for the five pre-war years of 1935-39. In making plans for 1945 some farmers would like to ease up and drop back

POULTRY AND EGGS

A DECEMBER egg production of 282 million dozen, 4 percent above a year earlier and a record for that month, brought the 1944 output to 4.8 billion dozen, an all-time record and 6 percent above the previous record in 1943. The 4 percent fewer layers on farms last December was more than offset by an 8 percent increase in rate of lay over a year earlier.

The apparent record civilian consumption of shell and frozen eggs kept December wholesale prices of all grades at or near ceiling levels. Storage stocks have been further depleted because currently produced eggs are not enough to meet the strong demand.

The 1945 egg price-support program is designed to assure producers a minimum of 24 cents for straight-run eggs and 27 cents for candled eggs. The method of reflecting these prices to individual producers is similar to that in effect in 1944.

To further meet military needs War Food Order 119, restricting the sale of live or processed poultry in the Del-Mar-Va and West Virginia areas, was recently extended to Georgia, Arkansas, Missouri and Oklahoma.

to pre-war levels. Crop systems are getting out of balance in some areas. The physical job of producing a third more with 10 percent fewer people on farms is a tremendous undertaking. Many farmers are under great strain. But the time for relaxing is not yet here. The year 1945 will not be the time for cutting down.

The 1945 goals call for 364 million acres of cultivated crops and hay—300 million acres of crops and 64 million acres of hay. This is somewhat more than the 1944 acreage of 355 million acres—295 million in crops and 60 million in tame hay.

Livestock goals call for a slight increase in number of pigs farrowed, in milk production and in cattle

slaughter, but no increase in present hen numbers.

Considerations in Developing Goals

The first consideration in developing 1945 goals was to determine as far as possible what the requirements would probably be. This involved an appraisal of the food needs of our armed forces and our allies, of our own civilian requirements, of commercial export demand, and of foreign relief needs. Any prospective drop later in the year in the 25 percent of our production now going to the armed forces and allies must be balanced against possible increased foreign relief needs, a continued strong civilian demand for food, a probable lower yield this year, and the advisability of beginning to build back some of the soil resources drawn on during these years of record output. The 1945 goals, assuming average growing conditions, are planned to meet these requirements and so call for another year of full production.

The second consideration was to arrive at as balanced a pattern of production as possible—to balance requirements with resources. Through discussions with State and local agricultural leaders it was determined what American farms can produce—what a feasible 1945 wartime capacity is.

The third consideration was an appraisal of prospective labor, equipment, machinery, supplies, prices and similar essentials of the 1945 production program.

Goals Chart the Course

Establishing goals is a method of translating requirements for food and fiber into terms that can serve as guides to farmers in planning their individual production programs. The goals are not ends in themselves. They are only the beginning of the production program. They point the direction and distance the production program must travel in order to meet expected needs.

Here, then, are brief comments on

the goals for some of the more important commodities for use by farmers in charting their own production programs. In some instances the 1945 goals call for substantial increases over 1944 output, in others the goals ask about the same as was produced last year, while in still others the goals call for less.

Higher Goals

Commodities which have goals asking for increases over 1944 production follow.

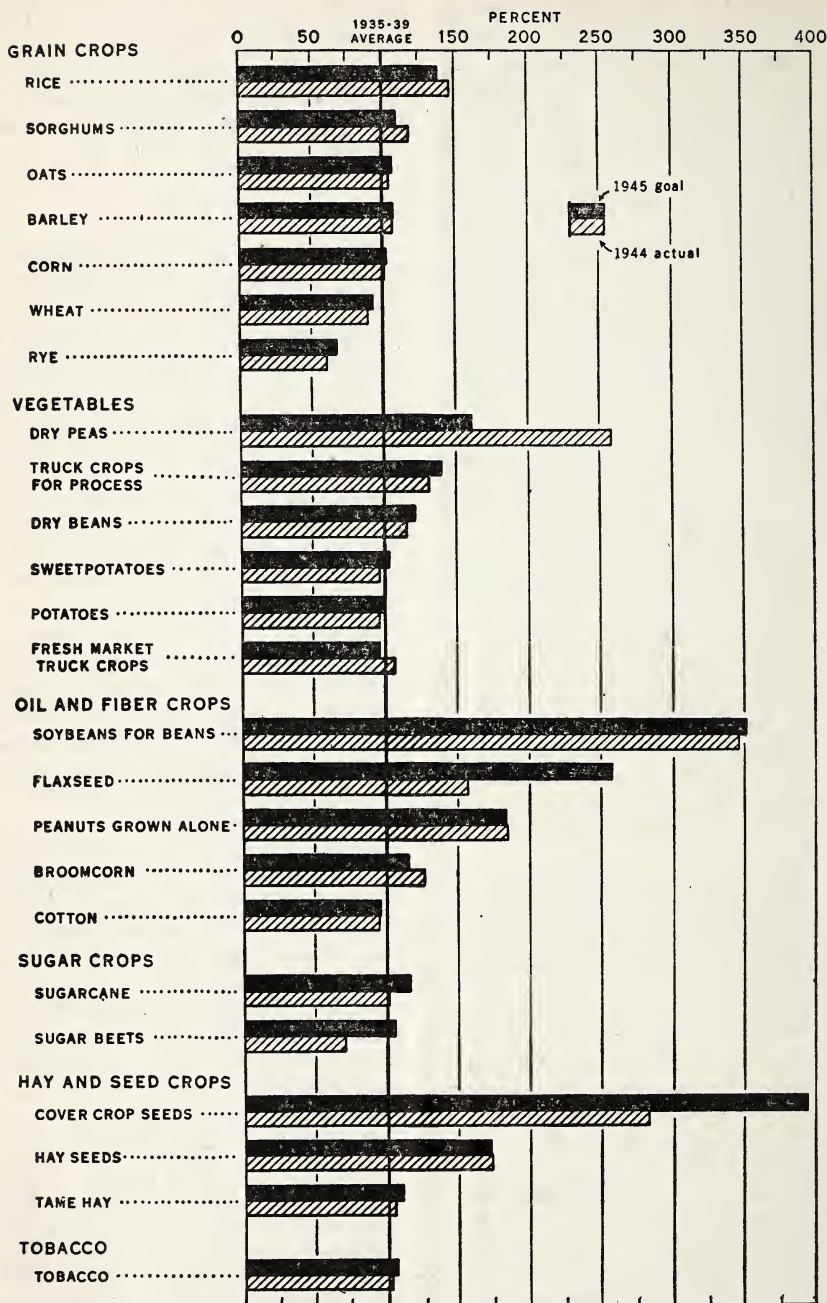
Flaxseed.—The flaxseed planted acreage goal is $1\frac{1}{2}$ times that planted in 1944 and $3\frac{1}{2}$ times the 1935–39 average. Strong demand for linseed oil for direct war purposes will continue and an equally strong demand is expected as soon as the progress of the war permits a resumption of industrial and residential construction. Prospects for large imports of flaxseed are not very promising at present.

Sugar beets.—The 1945 goal is nearly $1\frac{1}{2}$ times the 1944 acreage and 7 percent above the 1935–39 average. Increased production of sugar beets offers the quickest means of alleviating the sugar shortage. But the labor factor will continue to be important in meeting the 1945 goal.

Tobacco.—The supply of practically all types of tobacco will continue relatively tight after the harvest of the 1945 crop. During the war, domestic consumption and exports for most types of tobacco have exceeded production and stocks have been reduced. Consequently the goal for tobacco has been increased. Greatest increases are for Maryland, fire-cured, and cigar binder and wrapper types.

Legume hay seeds.—Most legume hay seeds are in short supply. Their production should be increased for the time when larger quantities of these seeds will be needed to return cultivated land to hay and pasture. The goal is nearly 10 percent above the 1944 acreage and $1\frac{1}{4}$ times the 1935–39 average.

WARTIME INCREASES IN UNITED STATES CROP ACREAGE 1945 GOALS AND 1944 ACTUAL AS PERCENTAGE OF 1935-39 AVERAGE



Winter cover crop seeds.—These seeds also are needed for soil conservation purposes. The goal is a third more than the 1944 acreage and nearly four times the 1935-39 average.

Hay and forage.—An increase of approximately 5 percent over that of 1944 is asked for tame hay acreage. This will provide more feed and at the same time permit a larger acreage to be planted in soil-protecting sod crops.

Hogs.—A small increase in the number of spring pigs is recommended. Civilian supply of pork in 1945 will be short of demand. The improved feed situation warrants an increase in hog numbers.

Milk.—The 1945 goal of 120 billion pounds of milk produced on farms is about 2 percent above 1944 output and 16 percent above the 1935-39 average. Disappearance of milk and milk products in 1944 expected to be the equivalent of about 121 billion pounds of milk production. To meet requirements in 1944, current produc-

tion was supplemented by the equivalent of nearly 3 billion pounds from stocks. Even with attainment of the 120-billion-pound goal in 1945 there would be slightly less for total consumption in 1945 than was actually consumed in 1944.

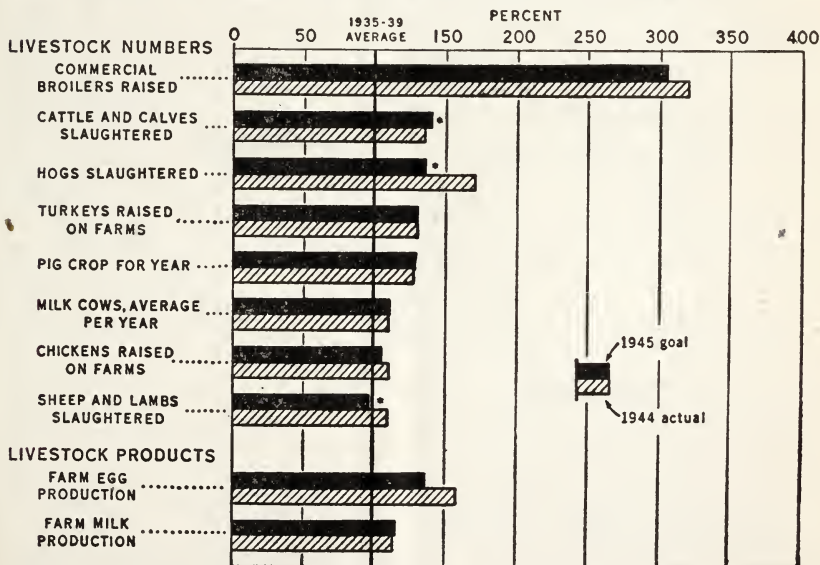
Beef cattle.—The 1945 goal calls for a reduction of almost 3 million head in the number of cattle on farms during 1945 through increased slaughter. A lower hog slaughter increases the need for more beef. Numbers of cattle also should be reduced since many areas are overstocked from a range and feed-stocks standpoint.

Same Goals

Commodities which should be maintained at 1944 levels follow.

Oil crops.—The demand for edible oils will continue very strong. Soybean and peanut acreages are maintained at 1944 levels because these represent about the maximum feasible production.

WARTIME INCREASES IN UNITED STATES LIVESTOCK NUMBERS
1945 GOALS AND 1944 ACTUAL AS PERCENTAGE OF 1935-39 AVERAGE



* ESTIMATED NUMBER SLAUGHTERED IF LIVESTOCK POPULATION GOAL IS ATTAINED

Feed grains.—The use of reserve grain supplies has been largely responsible for increasing the volume of livestock and livestock products marketed in 1943 and 1944. These reserves have now been used up and adjustments in livestock have taken place. Feed grain goals are maintained at the 1944 acreage to permit some stock-piling again.

Wheat.—The wheat goal is 1 percent over the 1944 planted acreage but 8 percent less than the 1935–39 average.

Goals for cotton, broomcorn, potatoes, sweetpotatoes, and dry beans call for acreages the same as in 1944.

Smaller Goals

Commodities with goals below 1944 levels follow.

Dry peas.—To supplement the supply of dry beans, large acreages of dry peas have been needed in the past few years. The response of pea growers to these high goals has been

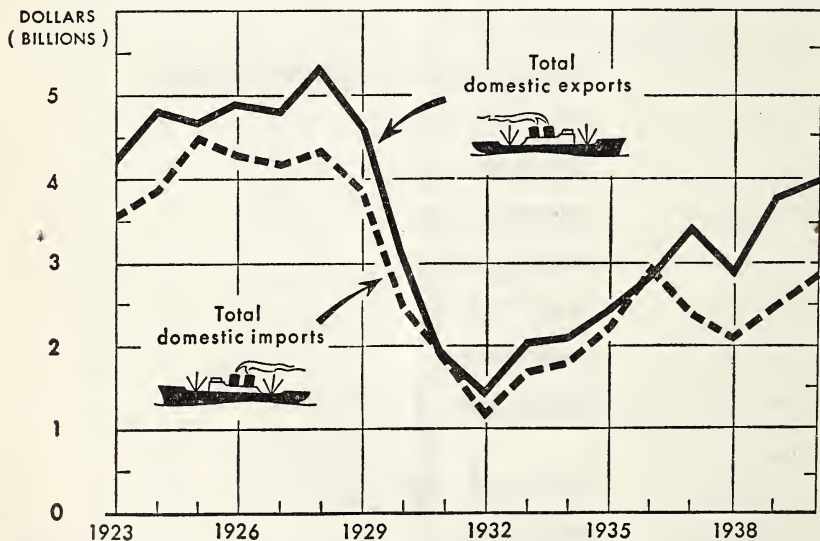
splendid. Consumers, however, have reflected a preference for dry beans which has resulted in an accumulation of dry pea stocks. Therefore, the dry pea acreage goal for 1945 is about 40 percent below the 1944 planted acreage, although more than 60 percent above the 1937–41 average.

Fresh vegetables.—A reduction of about 10 percent in the acreage of fresh vegetables from commercial truck crop areas is asked. Considerable expansion of certain vegetables took place this past season, resulting in a waste of food and production resources. The goal acreage should bring about a production adequate to meet all needs, without waste.

Poultry and eggs.—Maintenance of present laying flock numbers is recommended. This should result in a 1945 total egg production slightly lower than in 1944.

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War Food Administration

IMPORTS AND EXPORTS RISE AND FALL TOGETHER



The General Food Situation

FOOD production has risen steadily through the war period, reaching a level 36 percent above the pre-war (1935-39) level in 1944 and averaging 24 percent higher for the 5 years 1940-44. At the same time, military, lend-lease, and export requirements made increasing demands on our output. In 1944 the total volume of these requirements is now estimated to be equivalent to about 23 percent of the volume of food production for sale and for farm home consumption.

Even with this huge claim against domestic food production, supplies remaining for civilians have been large enough to permit an increase in the average per capita consumption of food, in 1944 at least 7 percent above the pre-war average of 1935-39. The per capita consumption of most of the food groups was above the 1935-39 average in 1944. Those below the 1935-39 average include canned fruits, fats and oils (including butter), cheese, and sugar.

Outlook for 1945

Virtually all available food will be needed during 1945. As long as the war in Europe continues noncivilian demands will continue at present high levels, and though there will be downward adjustments following the end of the war in Europe, such adjustments probably will be largely offset by requirements for foreign rehabilitation and by civilian demand in this country, which, for many foods, continues to exceed supplies, even at ceiling prices. This is not to say that a number of agricultural commodities may not become problems this year.

This general statement¹ is based upon certain assumptions; that the German phase of the war will end by the middle of 1945 and that the war

with Japan will continue throughout the entire year. As to the domestic economy, it is assumed that, as a result of cutbacks following the end of the German war, national income in 1945 will average around 140 billion dollars compared with a level of about 157 billion in 1944, but that consumer expenditures for food will not drop proportionately. Rough allowances have been made for decreases in military and lend-lease takings and increases in food requirements for foreign rehabilitation.

Transition Cross-Currents

Despite large needs and strong demand for foods generally in 1945, difficult transition problems lie ahead. This will be true particularly of the period after the final military effort in the Far East. Although one cannot attach any definite dates to the transition period, it is considered here as developing during 1946 and could possibly begin as early as the latter part of 1945.

The transition period generally is almost certain to be a mixture of economic cross-currents rather than a well-defined movement. Some parts of the economy will be expanding,

Here are some provocative observations on food consumption in the years ahead. The first article is by one of the leading authorities on food consumption in the Department of Agriculture. It is followed by a brief article by a food authority in the Federal agency dealing with food shipments to allied countries and discusses some of the points raised in the first article. Both articles are digests of talks given at the outlook conference held in Washington last November.

¹ The 1945 outlook for specific food groups, discussed in some detail in the original version of this report, is not included here because the subject is summarized elsewhere in this issue as well as in other recent issues.

others contracting. Some prices will be rising, particularly among the non-agricultural products, others falling. Surpluses and shortages will co-exist. The forces of both inflation and deflation will be present.

On the whole this is to be a period of price recession for farm products. This recession will occur even if we get through the transition period without serious unemployment and if foreign demands are above pre-war levels, as the current level of prices received by farmers is higher than would be expected even under unprecedented levels of peacetime prosperity. This recession is not likely to be uniform among the various commodity groups. Some foods, particularly the fats, will still be short in the international markets, whereas others, such as wheat, will quickly become relatively abundant. Price dispersions among the commodity groups are likely to be much more marked than is usually the case when prices are falling.

Prices One-Fifth Lower

The degree of the price decline will, of course, depend on whether the transition is effected smoothly at high levels or whether it involves a considerable slump. If we can get through this period with a national income of around 125 billion dollars and agricultural exports of around a billion to a billion and a half dollars, prices might not break much more than about 20 percent below current levels even with a food production about 25 percent above pre-war.

A situation such as this would be accompanied by a reduction in farm income, but would not be critical. Prices and income would still be high relative to the pre-war period, and there would be little difficulty in disposing of the food production. If we should drop much below this level, however, the combination of low consumer demand in this country, and support prices higher than the normal market level, would lead us rapidly

into a surplus situation with very low prices for many farm products.

The food situation following the end of the German phase of the war will be complicated by the existence of Government-held food stocks. These stocks will include those held by the War Food Administration in this country, those in the hands of our military forces, food reserves established in the British Isles, and miscellaneous Government stock piles in various parts of the world.

Disposal of these stocks of food will be a difficult administrative problem. This will be particularly true for items packed or processed to meet particular war needs, and if food prices should decline to very low levels, disposal problems will be accentuated. But the importance of the stocks problem can be over-emphasized. For one thing, the stocks may be materially reduced in the course of the next year. War Food Administration stocks, which have been running between 1¼ and 2 million tons, will have to be considerably reduced if the anticipated requirements for 1945 are to be met.

British Stocks Problem Secondary

The British stocks are several times those usually carried in peace-time, but, with the end of the German war, an easing of food rationing in Great Britain probably can be expected. This might result in reduction of these stocks, particularly if shipping remains tight during the period of the Pacific War. But even if these stocks are as large a year from now as they are today, the stocks situation will be a secondary rather than a primary problem.

The primary problems are the maintenance of a high level of economic activity in the country and effective arrangements for the meeting of food needs in liberated areas. Given these, the problem of Government stocks will mainly disappear. Failing these, we will have a serious surplus problem, Government stocks or not.

The food situation in Europe obviously has an important bearing on

post-war demands for agricultural products from the United States and deserves a much fuller discussion than can be given here. In general, it appears that the total production of food in Continental Europe has been maintained close to the pre-war level in terms of calories. But the per capita consumption in Europe is evidently considerably below pre-war levels, in terms of both quantity and quality. The supplies of food furnished by pre-war imports are no longer available, population has increased, and there has been a shift from livestock products to products of vegetable origin, and from feed to food uses.

Russian Supplies Tight

The food situation in Russia appears to be even tighter than in most of the other European countries. Very large imports of food would be required to restore the normal pattern of consumption and to offset nutritional deficiencies. But the demand implicit in these needs will be considerably tempered by other considerations, including the need of foreign countries for alternative commodities, such as clothing and capital equipment, and the general problem of financial arrangements involving the ability and willingness of importing countries to purchase food products from abroad and the terms on which the exporting nations will be willing to provide food. The supply of shipping will also be a major consideration as long as the Pacific war continues.

Although earlier popular ideas need to be revised about the volume of post-war food exports to Europe, such exports should be a real factor in maintaining the world demand for agricultural products materially above pre-war levels for at least a year after the end of the German phase of the war. The demand for fats will be particularly marked and will be reflected in the United States market. The demands for grain will also be large but countries other than the United States are likely to be the

largest beneficiaries of such demand. Continental Europe will also badly need other food items such as animal proteins after the war. However, the extent that such demand will be directed to the United States will depend on some of the factors previously mentioned.

U. S. Post-War Food Output

Whatever may be the exact course of food production, consumption, and prices during the war and immediate transition period, the basic long-range problem is the extent of our ability or inability to utilize in the post-war period a volume of food production some 25 percent above the pre-war level. This fundamental problem will be with us whether the next year or so is a boom, a slump, or something in between. However, if we can obtain approximately full employment in this country in the post-war period, a food production near wartime levels will be necessary. The figures that follow are rather rough approximations. It is hoped that within a very short time workers in the field of food consumption will be able to provide more accurate answers. By 1946, for example, population will be about 9 percent higher than in 1935-39, which would require a food production that much higher even if our food production per capita were no better than in the pre-war period. By 1950, this increase will be about 11 percent.

The consumption of food is relatively stable compared to many other commodities, but it does have an income elasticity significant for agricultural production. This has been clearly demonstrated during the war when, despite food shortages that required rationing, per capita consumption of food has averaged around 7 percent above the pre-war level. Under conditions approximating full employment, such evidence as we have been able to assemble indicates that the per capita consumption of food might be as much as 15 percent above the pre-war level.

If we have full employment in the year 1946, for example, this increase in per capita consumption, together with the increase in population, would require a total food production just about 25 percent above the pre-war level, and this does not take account of a possible additional 3 to 5 percent for exports. In 1950, the food production requirement under full employment would be about 30 percent above the 1935-39 level. However, any increase in average per capita consumption would not be uniform for all commodities. The effect of income would be most pronounced on such items as meats, dairy products, fats and oils, and the fresh and canned fruits and vegetables. On the other hand, the consumption of grain products, potatoes, and sweetpotatoes probably would be lower than the pre-war average consumption. Even with an increase in food consumption, important shifts in agricultural production would be necessary.

Such calculations do not indicate that a diet of this level would, on the average, be much more than is generally considered adequate, and the possibility of a high level of consumption is indicated by the fact that under conditions of full employment, a large proportion of the labor force would be engaged in active work. This estimate does not involve additional food that might be distributed to nutritionally deficient groups, nor does it take into account an export level of food greatly above that of 1935-39.

Full Employment Necessary

Essentially, this type of analysis points to the absolute necessity of high levels of employment in the United States after the war if the problems of agriculture are going to be even approximately met. Failing such a high level, we shall have chronic agricultural surpluses and such programs as may be devised can be little more than palliatives. It is possible, perhaps, that even with something approximating full employment, there would still be surplus problems, if the

advance in agricultural technology continues. But our ability to cope with them will be greatly increased if we can have a high level of domestic demand to start with.

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DISCUSSION

AS MR. CAVIN says, the importance of the problem of stocks can be overemphasized, this problem is secondary, and the primary problems in the longer run are maintenance of a high level of economic activity and effective arrangements for meeting the food needs of liberated areas.

Here are some questions about Mr. Cavin's views. For example, he assumes that national income in 1945 will be perhaps about \$20 billion less than in 1944, but that consumer expenditures for food will not drop proportionally. What will people do with family budgets when they are able to spend more freely for other things than food, as they may perhaps be able to do in the latter part of 1945—for furniture, housing, automobiles, gasoline, heavy kitchen equipment, and so on? Will they begin to shift emphasis away from food to other things? I don't know, but the question needs to be asked.

Mr. Cavin feels that civilian per capita meat consumption may average 5 to 10 pounds lower than in 1944. So it may. But it may conceivably fall a good deal lower than that. Where it falls depends heavily upon what is done in the allocation process and towards meeting international obligations by restrictive consumer rationing or larger set-asides. Foreign countries want more of our meat than they are getting. If they are permitted to have it, or a substantial fraction of what they want and need, our own per capita consumption must fall by more than 5 to 10 pounds. If they are not permitted to have it, some embarrassing moments in international relations may arise.

What happens to several groups of commodities, depends heavily upon legislative and administrative action in the United States. The extent of demand for food for export is going to depend in large degree upon the funds Congress appropriates for Lend-Lease, for UNRRA, or for surplus disposal. This vast question remains to be threshed out; the answer isn't known now. Given the financing, the volume of exports will tend to maintain prices, but with meager financing the picture would look different. At the same time, allocations to foreign countries depend for their volume partly upon the finance made available to lift the stuff, and upon the liftings will partly depend the levels of per capita consumption among civilians. It remains to be seen how far allocation policy by itself will squeeze domestic consumers for the benefit of foreigners. How the inter-related matters of export financing, allocation, and domestic rationing will work out in coming months is difficult to foresee.

Finally, Mr. Cavin advances the view that, with full employment, *per capita* consumption of food would be not less than 15 percent above the pre-war level. If he means the physical ingestion of food measured in calories, I doubt it. Large popula-

tions, once they have attained a high average plane of living as our population has, move from depression to boom without a clearly measurable change in per capita caloric ingestion. But if supplies for consumption include all kinds of waste, he may be right, though even an advance to 15 percent above pre-war is a high expectation, because waste was pretty large in pre-war years. Again, if he refers to poundage of food per capita rather than calories, there may be no reason to challenge his conclusion, because that increase could be had by a development which substituted, for example, more vegetables and fruit and milk of low caloric content per pound for cereals or fats or sugar of high caloric content per pound—the total weight of foods per capita might increase while the caloric supply per capita did not.

The whole subject of food-consumption behavior of large masses of people under varying conditions of employment and income is far from fully explored as yet. Mr. Cavin has contributed some useful thoughts on the subject; I hope he and others will press the inquiry further.

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The Corn Belt

FARMERS in the Corn Belt¹ have established remarkable records in the production of crops and livestock during the war, with 1945 total agricultural production expected to again approach the record levels of 1942, 1943, and 1944. But because there is increasing evidence that peak production has been attained during the past three years, no *substantial* increases over these high levels can be looked for in 1945.

¹ Ohio, Indiana, Illinois, Iowa, Missouri.

The following reports on the Corn Belt, Lake States, Great Plains, and Western States complete the regional production round-up begun in the December issue of the *Agricultural Situation*. These field reports summarize some of the important production adjustment problems of 1944 and those in prospect for 1945.

This is not surprising since Corn Belt farmers have worked both their farms and themselves to the limit for the past three years in order to make the greatest possible contribution to the national supply of foods.

Crop Acreage Changes

Looking ahead to 1945, about the same total acreage of cropland will be used for crops, including rotation pasture, in all of the five Corn Belt States, except in Missouri where further substantial expansion in the acreage in crops is possible. However, in all of these States, very significant adjustments among the major groups of crops can be expected.

The acreage of intertilled crops probably should not go higher, and a downward turn may occur in 1945. Rather substantial increases in the acreages of small grains in Iowa, Missouri, and Illinois may more than offset a decline anticipated in Indiana and Ohio where 1944 acreages of these crops exceeded those of 1943. Further decline in the sod crop acreage may be expected in Iowa and Indiana but the remainder of the Corn Belt, no doubt, will show a maintenance or an expansion in the acreage of sod crops. An upward trend in the acreage of rotation pasture may be expected throughout the Corn Belt. Tame hay acreage may continue to decline another year for lack of new seedings.

These broad cropping adjustments in 1945 are in keeping with the long-time shifts farmers are planning. It is generally agreed that during the reconversion period the Corn Belt farmer should substantially reduce the proportion of his cropland planted to intertilled crops (including soybeans) from the high wartime levels. Simultaneously, he should be expanding the acreage in sod crops and to a lesser extent close-growing crops.

Feed Supplies

Feed supplies in the Corn Belt will continue at near record levels. Although farmers entered the 1944-45

feed year with the lowest carry-over stocks of feed grains in recent years, the feed situation is much better than a year ago and 1944 produced record or near record feed crops.

Farmers have sharply reduced hog and poultry numbers. Horse numbers continue to decline. There are fewer cattle and sheep on farms. Milk cow numbers are up only slightly. The total number of grain-consuming animal units on farms during the current feed year will be 10 to 15 percent under 1943-44. Thus, the feed grain supply per grain-consuming animal unit during the 1944-45 feed year will greatly exceed that of the past season.

Corn versus Soybeans

It is not likely that the 1945 acreage of corn will be expanded beyond 1944, especially in the eastern Corn Belt. A high degree of competition for the use of land, labor, and equipment has developed between corn and soybeans. In some parts of the Corn Belt an increase in the acreage of either of these crops can be attained primarily at the expense of the other. National requirements for soybeans remain high for 1945. Although in many sections soybeans have little or no advantage over corn or may even be at a disadvantage, Corn Belt farmers will continue to meet their goals from year to year. The easing feed situation will help in meeting the 1945 goal for soybeans. As wartime requirements for soybeans decline, considerable acreage will be shifted back to corn, oats, or sod crops. But the acreage of soybeans no doubt will remain at levels substantially above pre-war acreages.

The 1945 acreage planted to oats may continue slightly below the 1937-41 average, but with a return to conservation farming some expansion will occur. In many sections of the Corn Belt, oats compete successfully with other feed grains. They are essential to the rotation as a combination feed and nurse crop on almost every farm.

Marked increases in the acreages of the minor feed grains—barley and

rye—should materialize in sections where these crops produce more feed or greater net returns per acre than other crops. In recent years the acreages of barley and rye have been considerably below their 1937-41 averages.

Wheat is grown as a feed crop in many sections of the Corn Belt. The very rapid expansion, from relatively low levels, should continue in those areas in which wheat produces more feed or food per acre than alternative crops.

Generally, the Corn Belt has ample supplies of the roughages and pasture. However, in 1944 tame hay production was somewhat lower in the eastern Corn Belt and as a result local shortages may become evident. But the Corn Belt has immense quantities of unutilized corn stalks and other low-quality roughages. Possibilities for increasing the acreage, yield, and quality of the various hay crops and the carrying capacity of the pastures are great in the long run.

Byproduct feeds probably will be available in about the same quantities in 1944-45 as in the past season. However, supplies relative to livestock numbers will be larger.

Meat Animals

Production of hogs was cut drastically in 1944 from the extremely high levels of 1943 and 1942 largely in anticipation of acute feed shortages. But with a better-than-expected corn crop in 1944, some recovery in spring and fall hog production may likely occur in 1945 in the western Corn Belt. The eastern Corn Belt, where feed supplies will not be quite so ample due to midseason drought and where other stock, particularly milk cows, compete more successfully for the feed grains, may cut hog production slightly under 1944. In order to provide sufficient pork products, the Corn Belt should increase the 1945 spring pig crop somewhat above that of 1944.

The number of beef cattle and calves on farms probably will decline for a few years from the high point reached

January 1, 1944. This downward movement in numbers will result from an increase in slaughterings. Demand for beef probably will taper off if pay-rolls are reduced during and following reconversion.

Sheep and lamb numbers began to decline in 1943, particularly in the eastern Corn Belt, as a result of increased slaughtering of mature stock due to feed and labor scarcities. Further declines are likely since other livestock enterprises are now more attractive to Corn Belt farmers.

Dairy Products

Milk and manufactured dairy products will continue in a strong position in the market as long as purchasing power remains near wartime levels. The Corn Belt possesses greatest potential capacity for increasing milk production of any of the producing areas. Here, both grain and roughages are available or can be made available in large quantities. With prospects for somewhat reduced production of hogs from war levels, large quantities of grain could be diverted to dairy cows. Hay yields as well as acreages could be expanded greatly. The acreage of rotation pasture will be greater after reconversion and the carrying capacity of all pastures could be raised greatly by proper treatments.

Poultry and Eggs

The number of chickens and commercial broilers produced in the Corn Belt States fell sharply during 1944 from the record 1943 production. With a strong demand for chickens, prices are likely to continue at about 1944 levels. Easier feed supplies may encourage some recovery in production from the 1944 curtailment. No doubt the strong demand for chicken meat will justify the raising of a greater number of chickens for some years to come than in the pre-war period.

Record hen and pullet numbers and record production per bird raised egg production to unprecedented levels

in 1944. Military and lend-lease requirements for dried eggs though high are lower in 1945 than in 1944. Some reduction in production seems desirable. However, the gains that have been made in production of eggs per bird should be retained and the number of hens reduced to provide a better adjustment between total production and prospective requirements.

Food Crops

In many sections of the Corn Belt, soil, climatic, and market conditions are suited to an increase in the production of potatoes and truck crops for processing or for fresh market. But the limited wartime expansion that has taken place in these crops has been checked by the lack of labor, equipment, and materials, and by the greater attractiveness of alternative crops. With the return of peace, a gradual expansion in these crops can be expected near urbanized areas and in other favored sections. No doubt a greater increase in the acreage of these crops will come in the eastern than in the western Corn Belt States.

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The Lake States

TOTAL agricultural production in the Lake States—Minnesota, Wisconsin, and Michigan—for 1944 will compare favorably with the record crops of the other war years. This is especially remarkable in view of the wet, late spring, shortage of labor, and many other obstacles. The continued high level of production called for in 1945 will be easier of accomplishment because of successful efforts this past year. At this time a year ago the fear of an impending shortage in livestock feed dominated the farm situation in this region. Last year labor, machinery, and fertilizer shortages loomed large as limiting factors in the coming year's production. While these re-

main as important problems in 1945, nevertheless it appears that they will be less important obstacles than they were in 1944.

The most notable feature and the greatest challenge to Lake States farmers is the extraordinary demand for all dairy products. Civilian consumption in 1944 was approximately 101.5 billion pounds as compared with slightly less than 104 billion 1935-39 average. About 19.7 billion pounds are going into noncivilian uses. It is estimated that if there had been no restrictions on civilian consumption during 1944, the total production of milk could have been absorbed by civilians at prevailing prices. The supply of dairy products for the entire United States will not be sufficient in 1945 to meet noncivilian and civilian demands without continuing a program of consumer restrictions. The challenge to Lake States farmers is to come as near as possible to meeting the Nation's needs for more and more milk.

Dairy Products

A considerable increase in milk production in the Lake States is not expected in 1945. Milk cow numbers have increased every year since 1934 and there were 764,000 more in 1944 than there were at that time, an increase of about 24 percent. Although milk production per cow has continued close to pre-war levels in these three States during the last two years, this increase in milk cow numbers has failed to offset the decrease from the record output of 1942. Among the reasons for this drop in milk production per cow are the following: (1) Failure to cull closely because of the strong demand for milk cows and milk, (2) crowded dairy barns, (3) lack of sufficient high-quality pasture, (4) lack of experienced labor, (5) occasional shortages of particular types of feeds. All of these difficulties can be overcome in the future, but it is unlikely that much progress will be made during 1945. There is ample feed grain available to meet expected needs but

lack of labor and good pastures will continue to limit expansion of the production of dairy products.

Pasture Renovation

The carrying capacity of pastures in the Lake States can be increased materially if full advantage is taken of possibilities for improving the quantity and quality of pasture grasses. Such a program includes (1) planting crops that provide pasture for the entire season, (2) reseeding pastures to provide a full stand, (3) introduction of legumes into the pasture program, (4) greater use of lime, potash, and phosphates, (5) prevention of overgrazing. Undoubtedly more use of these practices is justified by present price relationships.

Poultry and Eggs

The Lake States, together with the adjacent Corn Belt States, provide most of the eggs for shipment abroad. It is here that most of the egg breaking and egg drying plants are located. With a curtailed demand in 1945 for eggs for export, some disturbances in the local market situation may be expected in the vicinity of these plants. The decline in number of hens and pullets on farms in 1945 compared with 1944 may reduce production sufficiently to prevent any recurrence of the market glut that developed in 1944. While egg production in 1945 is likely to be under that of 1944, the production of poultry meat may be well maintained. This is desirable in view of the high requirements for meat in 1945. Increased feed supplies on farms from the 1944 crop and decreased livestock inventories (particularly hogs), together with indications of relatively satisfactory prices for broilers, may result in the raising of more broilers and turkeys in 1945 than in 1944.

Hogs

Minnesota ranks higher than other Lake States as a source of national meat production. Indications are that sufficient feed will be available for a small increase in hog production in

1945 in Minnesota. Relative prices for hogs and corn continue favorable to feeding hogs rather than marketing corn.

Feed grain production in 1944 was somewhat above the previous year although quality in some areas has been adversely affected by bad weather. Biggest increase was in oats where production is about one-fourth greater than in 1943. Corn production is likewise well above a year ago. Production of barley and rye is down but the total tonnage of all four grains is about 10 percent more than last year. These changes in feed grain production reflect shifts which have been made in the acreages of the different crops—more acres of oats and corn and fewer acres of barley and rye. These shifts are likely to remain or even increase somewhat in 1945. Over a longer period, however, a shift toward less small grain and more legumes would aid in soil conservation and add materially to the feed supply.

Hay Acreage

Acreage of all tame hay in 1944 was a trifle below that of 1943 although still about 1 percent above the 1937-41 average. However, alfalfa hay acreage has dropped steadily and is now 15 percent below the 1937-41 average. Total tame hay production in 1944 was about five percent less than in 1943. This reduction of roughage, particularly good roughage, has already caused feed roughage shortages in some areas. Purchase of good alfalfa hay at ceiling prices (beginning at about \$20 per ton) is difficult in many parts of the region.

The hay acreage in 1945 is likely to be about the same or slightly higher than in 1944 because of the competition of other crops. However, the best long-time interests of the region will be served by a program which would materially increase the quantity and quality of the better dry roughages. More lime and fertilizers can be used to excellent advantage on hay crops.

Wheat acreage planted in the Lake States in 1944 was a little less than 2.3

million acres. While this was 24 percent more than in 1943, it was only 83 percent of the 1937-41 average. There may be some increase in acreage in these areas in 1945 unless part of it can be diverted to flax.

The Lake States region is a heavy producer of Irish potatoes. Acreage in the 1937-41 period averaged 656,000 acres. This was exceeded in 1943 but fell to 532,000 in 1944. In addition to the acreage decline in 1944, the yield was also below 1943. The net result was a production only 73 percent as large as in 1943. Potato acreage in 1945 should return to the 1937-41 levels.

Dry edible beans are grown largely in Michigan. This State has the largest acreage of any State in the Nation. The planted acreage of dry beans in the region has risen from an average of 577,000 acres in 1937-41 to 710,000 acres in 1944. Because the Government takes about two-fifths of the total and this requirement is both continuing and urgent, the 1945 acreage should continue at least at the 1944 level. Considerable curtailment may be necessary, however, when war demands cease.

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The Great Plains

AGRICULTURAL production in the Great Plains States¹ is now at a high level. The 1944 acreage of land used for crops increased by 5.4 million acres from 1935-39, but contrary to what occurred during and after World War I, this has been accomplished largely by a reduction in summer fallow and idle cropland rather than plowing up of grassland. These adjustments represent a return of cropping on high-risk land, but they do not involve further inroads on native sod.

¹North Dakota, South Dakota, Kansas, Nebraska, Colorado, Wyoming, Montana

Adjustments in 1945 should be relatively minor. However, some changes will be necessary in response to changes in national needs and changes in local conditions. Furthermore, the pressure of prices and patriotism has encouraged overexpansion of some enterprises and farmers should now seek to achieve better balance in their production programs.

Wheat

Prospective supplies of wheat from the 1945 crop now seem ample to meet anticipated world-wide needs as well as national requirements. No material expansion in plantings seems necessary. The 1945 goal for the Plains States is about the same as 1944 plantings. Looking beyond 1945, some problems appear on the wheat farmers' horizon. Unless proper adjustments are made, the world may again have too much food wheat, with attendant low prices. The effect of this upon wheat producers in the Plains has been repeatedly demonstrated. Continued efforts by wheat producers to lower costs through more efficient production in the post-war period will serve as one method of insurance against possible future developments. Combining wheat production with livestock and with some other enterprises has possibilities in some areas.

Dry Beans and Oil Crops

Under the extreme pressure of war the acreages of flax, dry edible beans, and soybeans were materially expanded in the Plains States in 1943. The increase was particularly extreme in the case of flax. Weather conditions in the spring-planting season were largely responsible for increases in the Dakotas and in Montana. However, returns from flax in 1943 proved disappointing in many instances because of the effect of weeds and disease. Yields of dry edible beans were very low in dry land areas where they were planted for the first time, and soybeans did not produce

well, particularly in South Dakota and Nebraska. As a consequence the acreage planted to these crops in 1944 was reduced materially. The reduction appeared too great in view of the wartime demand for these crops.

A moderate increase over 1944 for these three crops seems justifiable for 1945. After 1945 the acreage of these crops in the Plains should be reduced materially. Discontinuance of wartime price supports likely will reduce these crops to their approximate pre-war proportions in the Plains. But there is some possibility that the acreage of flax and soybeans in Kansas may not recede to pre-war levels.

Hay and Rye

The acreage of tame hay in the Plains has recently been increasing, a recovery from the effects of the severe drought of the 1930's. State production adjustment committees think the increase should continue in 1945 above the 1944 acreage. Further expansion of hay acreage in the post-war period will be helpful to the region from the standpoint of conservation as well as providing the basis for more stable livestock enterprises.

The 1945 goal of about 1½ million acres for rye in the Plains States seems justifiable in view of the fact that the average acreage in 1937-41 was over 2 million. The 1944 acreage was extremely low and so the increase suggested for 1945 represents a moderate recovery.

Feed Grains

Prospective ample supplies of feed grains in relation to requirements in 1944-45 seem to justify a decrease in the aggregate acreage of corn, oats, and barley in 1945. The 1944 acreage in these crops of 38.1 million acres in the Plains States was nearly one-fourth larger than the 1937-41 average. The reduction of one-half million acres in 1945 suggested by the state production adjustment committees seems quite conservative. Together with the suggested decrease of

one-half million acres in wheat it provides sufficient acreage to permit the increases suggested in flax, rye, dry edible beans, soybeans, and sugar beets. If wheat is increased in 1945, larger reductions will be necessary in some other crops. The most logical source would be the acreage of oats and barley. A reduction of 5 percent in the 1944 acreage of oats and barley would provide the required acreage.

After 1945, producers may find it desirable to shift back to oats and barley and make some reductions in acreage of wheat. The likely post-war reductions in acreage of soybeans, dry edible beans, and flax may release additional acreage which may further increase the acreage of the feed grain crops.

Livestock

Three consecutive years of ample moisture and high prices have encouraged material increases in all classes of productive livestock in the Plains States, compared with the average for the period 1937-41. Retention of present livestock numbers is unquestionably profitable, while roughages and grass continue ample and livestock prices are sustained at high levels.

The principal problem of the future is that of achieving an orderly reduction in the event of a widespread drought or a drastic reduction in prices. In view of this, moderate reductions in all classes of livestock, except sows and dairy cows, have been suggested for 1945. Some decline has already begun. The number of sows farrowed in 1944 was sharply reduced below 1943, sheep numbers were reduced moderately, and the number of chickens raised was decreased nearly 20 percent. In spite of these declines, however, the livestock population of the Plains remains high in relation to the normal production of roughages and the normal carrying capacity of pastures on farms and ranches.

Dairy cow numbers should be sustained in 1945 in response to national needs for continued high milk output.

The total number of beef cows in the Plains States, at 3.9 million on January 1, 1944, was 45 percent above the average for the period 1937-41. A moderate reduction from these high numbers is suggested for 1945. After 1945 further reductions may be required.

The number of sows was reduced too drastically in 1944, and an increase is suggested in 1945. This increase would adjust hog production in the Plains States in line with the pre-drought average.

Sheep and Lambs

The number of sheep and lambs in the Plains States on January 1, 1944 was 15.4 million, or 9 percent above the average for the period 1937-41, but 9 percent below the number on January 1, 1943. A further reduction is suggested for 1945 which is in line with national trends. In many of the Plains States it represents a reduction from abnormally high numbers. Scarcity and high cost of the skilled labor required in sheep production is also a discouraging influence. After 1945 the relative advantage of sheep production may improve, especially in the range areas.

Poultry and Eggs

The number of hens and pullets in the Plains States on January 1, 1944, was 63.6 million, or 57 percent higher than the average for the 5-year period 1937-41. This striking increase occurred so quickly that it seems reasonable to assume that development in poultry housing and equipment has not kept pace with it. A moderate reduction has been suggested for 1945 in line with national trends. Improvement in poultry housing and managerial techniques made during the war period may have a lasting effect upon poultry production in the Plains. If this proves to be the case the number of hens and pullets may not be reduced to pre-war levels.

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The Western States

WARTIME demands for direct food crops have caused marked increases in the Western States¹ in acreages of dry field peas, dry edible beans, potatoes, vegetables, cover crop seed and vegetable seed, while decreases have occurred in cotton, sugar beets, and some other crops. Profitable returns for several years with more than normal rainfall and better than average growing conditions have encouraged more intensive use of dry land in some localities, and caused wheat and barley plantings on considerable acreage normally idle. These same circumstances have resulted in pasture and range use beyond normal carrying capacity.

Operating Problems

The difficult problems of labor, machinery, and other shortages that have plagued farmers during the war years may be eased a little in some areas in 1945, but farmers in the Western States will face difficulties longer than farmers in other regions, particularly as greater emphasis is given to the war in the Pacific. Farm labor will continue to be in short supply in 1945, particularly in some areas, and western agriculture depends heavily upon hired labor. Crawler tractors likely will continue scarce next year. This shortage will be felt most in California and in the wheat areas of the Pacific Northwest where a major part of farm power is furnished by crawler type tractors. Transportation problems may develop in 1945. Transportation is exceedingly important to the western region as a large portion of many crops must be shipped to outside markets. These problems must be faced, but generally they should be less acute than during the past year or two.

In looking forward from 1944 and 1945 to adjustments in agriculture

¹ New Mexico, Arizona, California, Nevada, Utah, Idaho, Oregon, Washington.

after the war one must bear in mind not only those changes which a peacetime economy is likely to induce but also those which less favorable weather will impose. Adjustments in the direction of probable peacetime patterns are expected to begin in some instances in 1945.

Field Peas

Dry field peas for the edible commercial trade will need to be greatly reduced in the Pacific Northwest after the war. Prior to the war (1937-41) the three States of the region—Washington, Oregon, Idaho—produced slightly more than 70 percent of the dry field pea crop—201,000 out of the 280,000 planted acreage. War demands, favorable weather, and price supports designed to encourage production brought plantings to a total of 832,000 acres in 1943, of which 702,000 acres (84 percent) were in these three States.

In the Palouse area where most of this pea acreage is located, temperatures and precipitation during the past 3 years have resulted in yields 30 to 40 percent larger than the pre-war average.

Peas ordinarily replace fallow in the wheat-fallow rotation common to this area but even the peak acreage in 1943 had not replaced all suitable fallow in some localities in Idaho while in other localities plantings had extended into areas unsuited to pea production. Moreover, some farmers in the old pea producing areas were growing peas in succession for from 2 to 3 years, a practice conducive to weed infestation and lower yields. A reduction from the wartime acreage is desirable both from the management and conservation standpoints.

Some reduction from the peak 1943 acreage occurred in 1944. Lowering of the price support on U. S. No. 1 dry edible smooth peas from \$5.65 per 100 pounds for the 1944 crop to \$4.50 for the 1945 crop will cause further curtailment in acreage, but probably not to the announced goal of 60 percent of the 1944 acreage.

Peacetime demand portends still greater reduction. A marked shift to rotations having more clover and grasses used as green manure, and to alfalfa, will reduce soil erosion, which is urgently needed on the rolling lands of Pacific Northwest pea and grain areas. Such rotations will provide for pea acreage more than sufficient to meet prospective demand. Development of market outlets for dry peas both for increased human consumption and also for livestock feed, particularly as a high protein supplement, will be of particular significance to the dry pea producing area in alleviating adjustment problems.

Dry Beans

Dry bean acreage in the Western region increased 26 percent from 1937-41 to 1943. Plantings in 1944 were about 14 percent below the 942,000 acres of the previous year. Unsatisfactory results obtained by some farmers and more favorable prices for competing crops probably will cause some further reduction. Acreages in 1945, should, however, be maintained or increased in most localities because of urgent war needs. After the war the acreage of beans should be reduced because of the soil erosion and decreased fertility which maintenance of present acreage involves.

Food and Feed Grains

Wheat, feed grain and rice plantings for 1945 harvest should be maintained in most areas and slightly increased in others because of war requirements for food and feed. Wheat acreage in the Palouse area probably will be increased slightly along with reduced pea acreages. Regardless of demand, the reoccurrence of normal precipitation is likely to result in decreased acreages of dryland wheat and barley in some low rainfall localities. If this does not occur before the wartime demand for these crops disappears, cropping of such land should be discontinued after the emergency is past. Even

after this has been accomplished, the production of wheat in the Pacific Northwest is likely to be sufficiently large to necessitate the use of a considerable amount for livestock feed, in addition to requirements for shipment to other regions and for export.

Disappearance of wartime demand for rice probably will result in a decline in acreage after the war, although acreage in 1945 is expected to be about the same as in 1944.

Potatoes

Except in California where production of early potatoes increased markedly in 1944, the peak of potato acreage was reached in 1943 in the region. Some decrease in early potatoes in California is desirable, but 1944 acreage should be maintained in 1945 in most other localities. Some downward adjustment probably will be desirable after the war, but acreage in the main producing areas perhaps should be larger than pre-war levels.

Sugar Beets

Sugar beet acreage should be increased in 1945 to meet wartime needs for sugar. Shortage of labor and the resulting uncertainty has been an important factor in the reduction of sugar beet acreage during the past two years. Some improvement in this situation is anticipated in 1945; also, experience with mechanical cultural and harvesting equipment points to appreciable reduction in labor required for producing sugar beets. While mechanization has not been widely adopted as yet, this development may have significant peacetime implications. Mechanization may enable sugar beets to compete more successfully with other crops.

Cotton

The prospective high support price is expected to result in a slight increase in cotton acreage in 1945 despite ample supplies of cotton. It is not clear at this time just what adjustment in cotton will be desirable in the irrigated areas of the Southwest in the post-war period, but some reduction in acreage appears probable. Feed grains and

forage crops have replaced some cotton during the war period. Whether these will continue to be competitive with cotton is uncertain, but a continuation of such an adjustment should be in the direction of a more stable agriculture in some of these irrigated areas.

Flaxseed

Flax acreage was reduced sharply in 1944 from the 1943 peak. A slight upward adjustment in 1945 is expected even though comparatively high returns prevail for competing crops and the risk involved in flax production is greater. Fall-sown irrigated flax likely will continue to hold an important place in some of the Southwestern areas where experience has demonstrated its suitability.

The effect of profitable returns in stimulating new plantings of fruit trees has not been fully realized because of insufficient nursery stock. Plantings of grapes and some soft fruits have been appreciable.

Livestock

The feed grain and hay supply in this region is somewhat more favorable than a year ago. Lessening of pressure for increases in direct food crops will permit farmers in some feed deficit areas to place slightly more emphasis on feed crop production, but present livestock numbers can be adequately maintained only so long as the exceptionally favorable weather conditions continue. Both for 1945 and the years immediately ahead, decreases in beef cattle and chickens, and slight increases in dairy, sheep, and possibly turkeys and hogs, appear desirable.

Range Cattle

Beef cattle numbers have reached a potentially dangerous high point. Even though the increase in beef cows on farms and ranches in the Western States from 1937-41 to 1944 was only 13 percent compared with 30 percent in the United States, the upward trend in numbers should be reversed. Despite the replacement of sheep by cattle in some instances, many of the

ranges on which western beef cattle are largely dependent for feed are now being used beyond their safe normal carrying capacity. Depletion of the better forage varieties not only decreases carrying capacity but also creates favorable conditions for wind and water erosion, and facilitates encroachment of inferior or non-edible plant growth. War demand for beef may have justified increased stocking of ranges to make full use of forage during the recent period of favorable weather, but ordinarily, opportunities afforded by such periods should be used to increase the normal carrying capacity of ranges.

The present need is for increased marketings to augment the supply of meat and to place stockmen in a stronger position to cope with less favorable range conditions which will occur when precipitation and growing conditions are average or less. Continued increase or even maintenance of present numbers might lead to chaotic liquidation as a result either of an unfavorable feed situation or a decreasing demand accompanied by forced marketings.

Cattlemen in some localities have increased marketings of young stock directly from the ranges this fall and plan to fatten some cows for market. In view of the large number of beef cattle and the need for more meat products, this practice should become more widespread in 1945 and 1946. Where the overall feed situation justifies the use of more hay and grain for fattening purposes, cattle and lamb feeding should be increased sharply. This brings a desirable decrease in peak slaughterings at the time cattle are brought from the range and thus helps to even out the seasonal supply to packers.

Sheep

The decline in sheep numbers has gone too far in some localities in the Western region. Ewes on farms and ranges decreased 14 percent from 1937-41 to 1944 and have continued to decline during 1944. The decrease

in the three Pacific Northwest States has been so marked (24 percent) that some sheep ranges unsuited for beef cattle are not being utilized at present. This downward trend should be halted or reversed if the best utilization of range resources is to be achieved. However, it appears that scarcity of skilled herders, higher profits from beef cattle, and the increasing stock pile of wool, which sheep producers fear will cause low post-war prices for wool, probably will prevent a reversal of the downward trend at least until 1946.

Milk Cows and Hogs

Dairy cow numbers decreased slightly in several Western States principally because of lack of sufficient supplies of dairy feed during the summer and fall of 1943. The prospective dairy feed supplies and continued unsatisfied demand for some dairy products make it desirable to restore a slightly upward trend in dairy cow numbers, particularly in interior irrigated areas. The upward trend in number should continue in the post-war period.

Hog production in this region is subject to wide fluctuations. The recent reduction in hogs appears to have been greater than conditions justified. Some increase in 1945 with further increases after 1945, when the prospective hog-feed ratio is favorable, appears to be desirable.

Chickens and Turkeys

Requirements for poultry products do not call for an increase in chickens in 1945, but improvement in the egg-feed ratio in the West may result in some increase in chicken numbers.

Turkey raising was sufficiently profitable in 1943 and 1944 to induce growers in all Western States, except New Mexico, to increase numbers. Numbers should be maintained in 1945 and it should be possible to develop markets for a gradual increase in turkey production after the war.

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Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39 = 100) ¹	Income of industrial workers (1935-39 = 100) ²	1910-14=100				Index of prices received by farmers (August 1909-July 1914=100)			
			Wholesale prices of all commodities ³	Prices paid by farmers		Farm wage rates	Livestock and products			
				Commodities	Commodities interest and taxes		Dairy products	Poultry and eggs	Meat animals	All livestock
1934.....	75	76	109	122	129	95	101	89	70	84
1935.....	87	86	117	125	130	103	114	116	116	115
1936.....	103	100	118	124	127	111	125	114	118	120
1937.....	113	117	126	131	133	126	130	110	132	127
1938.....	89	91	115	123	126	125	114	108	115	113
1939.....	109	105	113	121	124	123	110	95	112	108
1940.....	125	119	115	122	125	126	119	96	111	112
1941.....	162	169	127	131	132	154	139	121	146	140
1942.....	199	238	144	152	150	201	162	151	188	173
1943.....	239	305	151	167	162	264	193	190	209	200
December.....	241	316	151	173	167	-----	203	212	194	200
1944-January.....	243	319	151	174	168	275	201	177	194	193
February.....	244	321	151	175	169	-----	201	168	199	194
March.....	241	318	152	175	169	-----	199	162	203	194
April.....	239	313	152	175	169	292	196	151	203	191
May.....	237	313	152	175	169	-----	194	153	201	190
June.....	235	313	152	176	170	-----	192	154	200	189
July.....	231	306	152	176	170	328	194	165	197	190
August.....	232	310	152	176	170	-----	196	171	201	194
September.....	231	307	152	176	170	-----	198	179	200	196
October.....	232	306	152	176	170	325	201	190	201	199
November.....	232	-----	152	177	171	-----	203	207	200	202
December.....	-----	-----	-----	178	171	-----	203	211	198	202

Year and month	Index of prices received by farmers (August 1909-July 1914=100)								Parity ratio ⁴	
	Crops							All crops and live-stock		
	Food grains	Feed grains and hay	Tobacco	Cotton	Oil bearing crops	Fruit	Truck crops			All crops
1934-----	91	95	159	97	95	88	95	98	90	70
1935-----	97	107	174	94	120	82	119	102	109	84
1936-----	108	102	165	95	112	92	104	107	114	90
1937-----	120	125	204	90	120	104	110	115	122	92
1938-----	75	71	176	67	88	70	88	80	97	77
1939-----	72	69	155	70	90	68	91	80	95	77
1940-----	84	82	136	77	96	73	111	88	100	80
1941-----	97	89	159	107	130	85	129	106	124	94
1942-----	120	111	252	149	172	114	163	142	159	106
1943-----	148	147	325	160	190	179	245	183	192	119
December-----	166	165	349	160	202	208	223	192	196	117
1944-January-----	170	168	350	162	203	204	267	199	196	117
February-----	170	169	348	161	205	206	247	196	195	115
March-----	169	171	351	161	207	215	242	198	196	116
April-----	171	172	352	163	207	237	220	200	196	116
May-----	170	173	350	160	208	232	225	198	194	115
June-----	165	170	350	163	210	228	231	197	193	114
July-----	161	168	350	164	209	230	195	194	192	113
August-----	156	166	355	162	209	214	186	191	193	114
September-----	155	162	358	170	207	206	166	188	192	113
October-----	164	161	357	171	211	205	153	187	194	114
November-----	165	157	368	168	215	195	188	189	196	115
December-----	167	160	364	168	215	206	228	196	200	117

¹ Federal Reserve Board, adjusted for seasonal variation, revised November 1943.

² Total income, adjusted for seasonal variation, revised March 1943.

³ Bureau of Labor Statistics.

⁴ Ratio of prices received by farmers to prices paid, interest and taxes.

NOTE.—The index numbers of industrial production and of industrial workers' income, shown above, are not comparable in several respects. The production index includes only mining and manufacturing; the income index also includes transportation. The production index is intended to measure volume, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and workers' income since output can be increased or decreased to some extent without much change in the number of workers.